

City of Seattle Voluntary Deferred Compensation Plan Regular Trust Committee Meeting Minutes

Wednesday, January 24, 2018 10:00 am – 12:00 pm
Seattle Municipal Tower, Room 4080

TRUSTEES present: Teri Allen, Bill Alves, Melissa Beatty, Jeff Davis, Scott Fuquay, Glen Lee, and Brian Smith

STAFF present: Renee Freiboth, Michelle Ell, Tony Dozier from SDHR; Carlton Seu CAO

CONSULTANTS present: Jake O'Shaughnessy & Stuart Payment, SageView Advisory Group; Michael Monaco & Gavin Parr, Mondress Monaco Parr Lockwood

GUESTS present: Kent Morris, Kristopher Morton, Susan Wilson, Olivia Anastasi, and Andee Gravitt from Nationwide; Dennis Karl, IAFF Local 27; George Emerson, FAS; Emory Horvath, SIT.

BUSINESS

Opening: Teri Allen, the Committee Chair, started the meeting at 10:01 am.

Introductions: All attendees introduced themselves. Melissa Betty introduced herself as the acting Director of the Seattle Department of Human Resources (SDHR). She will fill the Committee position previously occupied by Susan Coskey until SDHR has a permanent Director.

Public Comment: Emory Horvath asked that the Committee consider adding the Vanguard Total U.S. Stock Market Index fund to the investment line-up.

Minutes of November 29, 2017 Regular Meeting: Teri asked for a review of these meeting minutes. There were no corrections and the meeting minutes were deemed accepted.

Nationwide: Andee Gravitt stated that the full report from Nationwide would be presented at the March meeting. She shared that the plan balance and participant counts had grown from last quarter. She also explained that the count of distributions was higher than previous quarters, but believed this was due to the number of required minimum distributions paid in Q4. She also noted that average plan balances were higher than many of the other plans she works on.

Susan Wilson stated that the Education Office has had a busy quarter. Participant engagement was still quite high. Education consultants have met with over 800 participants in one-on-one meetings during Q4 2017. The Education office hosted the first Lunch and Learn seminar on "Deferred Compensation Basics", which was attended by 34 employees.

SageView Advisory: Jake O'Shaughnessy also indicated that he would be providing the full investment report at the March meeting. He followed upon the comments from the November meetings, stating that the recent tax-reform package did not impact 457 plans or remove the exemption from the 10% early withdrawal penalty that 457 plan participants currently receive, as

was being considered by Congress. He stated that equity markets have continued to move higher and 10-year interest rates are starting to increase.

Plan Amendment: In response to a collective bargaining agreement providing an additional group of employees with a matching contribution into the plan, Mike Monaco presented an amendment which updates plan language in Section 2.9 of the Plan Document. The previous document specified each individual collective bargaining group receiving Deferred Compensation match contributions from the City. Mike proposed that the Committee update the plan language to refer to collectively-bargained employees in general. This will relieve the Committee of a need to update the plan document each time the City agrees to provide plan matching contributions in future collective bargaining agreements.

MOTION: Brian Smith moved to accept the amendment to Section 2.9 of the Plan Document. Bill Alves seconded. The Plan Amendment was passed unanimously.

Specified Assets: Teri stated that with the recent changes in City government, the Specified Assets issue will be discussed at a future Trust Committee meeting.

Administrative Update: Michelle presented the new targeted mailing and outreach calendar that has been jointly created by Plan Staff and Nationwide. The first postcard will target current contributing employees that received a recent AWI increase. A sample EZ Enroll form was also presented to the Committee with an expected roll-out during Q2 2018.

Scott asked if staff would also target outreach to employees nearing retirement regarding how to take withdrawals. Bill was concerned that outside advisors may be coaching retirees to withdraw from the plan. Andee Gravitt said that Nationwide was beginning to pull together the specifics of assets rolled out of the plan. Bill also mentioned that studies have shown women and millennials were favoring socially responsible investments, and that the Committee should strongly consider notifying these groups of the availability of those investments in the plan. Michelle mentioned that staff will provide additional information to Nationwide to identify withdrawal trends so the data points can be shared and discussed in future Committee meetings.

Michelle mentioned that Jake provided five other possible consultants for the data security project. She mentioned that all five consultants recently declined, indicating they would not be a good fit to take on the scope of work. Mercer and Moss Adams are the only remaining options. Michelle mentioned that Staff will work with Central Payroll and other departments in the city to evaluate the proposals from Mercer and Moss Adams.

Open Public Meeting Act (OPMA): Carlton Seu presented a training on the Open Public Meetings Act (OPMA), Revised Code of Washington Chapter 42.30. He discussed OPMA, how the Committee is subject to OPMA, what constitutes a meeting, how actions can be taken, when the Committee can enter Executive Session, and the penalties for violating OPMA.

Executive Session: Teri Allen moved the meeting into Executive Session to discuss litigation or legal risks of a proposed action or current practice. The Executive Session commenced at approximately 10:59 and concluded at 11:11am.

Adjournment: Teri Allen moved to adjourn the meeting at 11:12. The meeting was adjourned without objection.

Next Meeting: The next regular meeting is scheduled for Wednesday, March 28, 2018 at 10:00am in the Seattle Municipal Tower, Conference Room 4080.

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